GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:104
ANSWERED ON:31.07.2006
IMPORTS OF UREA
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a)The quantity of Urea imported during the last three years and the current year and the amount spent thereon;

(b)Whether the cost of urea imports during the said period is much higher than the cost of urea indigenously produced ;

(c) If so, the details thereof and the reasons therefore; and

(d) The steps taken by the Government to ensure adequate availability of urea in the country at cheaper price rather than importing it?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. 104 to be answered on 31.07.2006.

(a) The quantity of urea imported on Government account during the last three years and the current year and the amounts spent thereon is as below:-

Year	Quantity (in lakh MT)	Value (in lakh US$)
2003-04	Nil	Nil
2004-05	6.41	1524.83
2005-06	7.31	1891.01
2006-07 (up to June 06)	2.75	723.24

Besides, above imports, Government has also imported 13.25 lakh MT of granular urea in 2005-06 at weighted average price of US$ 155.23 C&F per MT and

4.58 lakh MT granular urea in 2006-07 (upto 30.06.2006) at weighted average price of US$ 169.05 C&F per MT from Oman India Fertilizer Company under the long term Urea Off Take Agreement (UOTA), wherein Government of India is committed to off take all production of urea upto the rated capacity of the plant, at pre- determined annual prices.

(b) & (c) The cost of imported urea varies according to the international price of urea prevailing at the time of the actual import. The average price of imported urea for the last three years and in the first quarter of the current year is as below:-

Year	Imported Urea		Indigenous urea	
	C&F price (US$ per MT)	Rate Exchange Rate	C&F price (Rs.per MT)	Weighted avg. Average price of production (Rs. Per MT)
2003-04	No import on		Government account	8626
2004-05	237.88	44.93	10688	9638
2005-06	258.56	44.27	11446	9353

2006-07 263.09 - 45.47 11962 9353

(up to June 06)

Provisional

The cost of production of urea in the country varies from unit-to-unit depending upon its vintage, efficiency and the feedstock being used. The cost of production of indigenously produced urea currently varies from Rs.4949 per MT to Rs.20573 per MT. Thus, while certain units produce urea at a cost lower than the price of imported urea, others produce at a relatively higher price. The cost of imported urea on the other hand is determined and based on prices prevailing in the international market at the time of imports.

(d)In order to ensure adequate availability of urea from indigenous sources, the Government has announced a policy, wherein all units producing urea at a cost lower than the import parity price are allowed to produce urea to the maximum extent even beyond 100% of the rated capacity.